

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

REPORT

CD NO.

COUNTRY **East Germany**

DATE DISTR. **28 June 1955**

25X1

SUBJECT **Ministry of Heavy Industry: Effects of
Reductions in the 1955 Import Plan**

NO. OF PAGES **4**

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SUPPLEMENT TO
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1. Napthalene

The 1955 Economic Plan calls for the import of

According to the protocol, imports will be only

a reduction of

and

a reduction of

10,000 tons crude napthalene

9,000 tons pure napthalene

8,500 tons crude napthalene

1,500 tons

6,040 tons pure napthalene

3,000 tons.

A reduction of napthalene imports by a total of 4,500 tons during 1955 have
the following effects on production and on the economy:

a) Carbon black (Oranienburg) Production drop

190 tons - 186 TDM (approx)

25 tons - 470 TDM (approx)

90 tons - 5,245 TDM (approx)

for dyestuffs, textile adjuvants and
emulsifiers (Wolfen)

1,381 tons - 206 TDM (approx)

e) Xylamon (Westeregeln)

605 tons - 302 TDM (approx)

A drop of 6,409 TDM

Carbon black:

Production of carbon black is at present approximately 240 tons short of actual
requirements. With the production drop noted above, about 190 tons, the total
shortage would be about 430 tons. Predominantly affected by this situation will
be the Ministry's rubber industry, as well as the cable industry and the paper
and printing-ink industry.

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And production which is not to be reduced. The production of the export commodity Dekatin. The export of tetralin was set at 725 tons. If the new program is not relaxed substantially, then exports will have to be cut. As it is, the total production of 4,500 tons of tetralin does

total gross production. The following ways:

- a) At the expense of the Buna-Werk's own requirements (reducing the production of plasticisers (Weichmachern);
- b) At the expense of the Lackkunststoffsabrik Zwickau (synthetic resin for lacquer program);
- c) At the expense of the Hydrierwerk Rodleben, effecting production of plasticisers;
- d) By reducing exports of the Buna-Werk and Rodleben. Thus, a total of about 3,490 tons

Organic chemicals for the textile industry. The production of dye for the export market as well.

Xylamon:

Present production of Xylamon does not cover requirements of agents. A further decrease of about 605 tons will mean 605 tons is approximately one quarter's production.

2. Pit-coal (Steinkohlenteerhartpech)

affected by this reduction. On the other hand, the production of roof building cement will be endangered. The production of roofing paper and structure preservatives (Bautenschutzmittel).

3. Natural rubber

The 1955 Economic Plan provided for the import of	13,500 tons
By the protocol's provisions, imports will be	9,640 tons
A difference of	3,860 tons

The planned exports of synthetic rubber will therefore have to be reduced by 3,860 tons in order to make up the shortage in natural rubber. Otherwise the rubber industry will be unable to operate at full capacity. In addition, motor-vehicle tires of the "50" type only can be manufactured (these require only 5% natural rubber) - planned production of the "300" type will have to be dropped. Consequently, the life span of the tires will be considerably shortened. All other products of the rubber industry will have to be altered in composition to reduce the proportion of natural rubber. Production of products which require considerable quantity of natural rubber - foam rubber, sponge rubber, etc. - will have to be reduced. While the tire export program can be maintained, cut in exports will decrease the domestic supply of motor-vehicle tires by some 54,500 pieces.

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4. Borax

Imports according to the 1955 Economic Plan would amount to 3,000 tons
 Under the protocol, imports will be reduced to 1,845 tons
 Shortage 1,155 tons
 Actual requirements in 1955 4,350 tons
 Total shortage 2,505 tons
 Anticipated [redacted] of 800 tons should reduce this shortage by some 210 tons [redacted]. Effects of this situation will be felt in the Ministry of [redacted] industry by a decrease in the enamelling work at Eisenhuettenwerk Thuringia (for export), in friction bearing production at the Berliner Metallhuetten- und Maschinenwerke, in borate acid production at Greis-Deeslau; the Ministry of [redacted] Construction will be affected in all establishments of the optical [redacted] industry (Schott and Zeiss); and the pharmaceutical industry will be affected.

5. Aluminum

1955 imports according to the Economic Plan would be 14,000 tons
 Under terms of the protocol, imports would amount to 7,500 tons
 Deficit 6,500 tons
 The total deficit will be in the fourth [redacted] of 1955. The year's production can be covered [redacted] domestic production [redacted] the anticipated import of 7,500 tons. However, at the [redacted] advance of only about 1,300 tons (9 days' production advance) will be available instead of the 6,000 tons anticipated. (This calculation is made on the assumption that the planned expansion of Bitterfeld's capacity will not be completed in 1955.)

6. Sperm Oil

1955 Economic Plan anticipated imports were 4,000 tons
 Imports under the protocol will be 2,500 tons
 Difference 1,500 tons
 About 8,000 tons of high-grade soap powder will be lost through this reduction, bringing production to 14,500 [redacted] 40,000,000 DME. Production of textile adjuvants will also [redacted] addition, 900 tons of fatty acid for the soap industry will be [redacted] drop of 2,200 tons in the output of soap (Norm 40), worth about 7,830,000 DME. The drop in the area of the Main Administration for General Chemicals will amount in all to about 50,000,000 DME. The 1955 Economic Plan anticipated the import of 1,000 tons in the third quarter and 3,000 tons in the fourth. Under the protocol, the entire 2,500 tons will probably be imported in the fourth quarter. Due to the 1,500 tons shortage and the [redacted] [redacted], the domestic soap supply will begin developing serious [redacted] end of the second quarter.

7. Linseed Oil, Linseed

The 1955 import planned for crude linseed oil remains at 2,000 tons
 and for linseed at 5,000 tons
 It is still not certain whether or when these imports will be made. The uncertainty is endangering the oil-base lacquer and paint program. A drop of about 9,600 tons in oil-base lacquer [redacted] about 29,000,000 DME.
 Compensation for this loss [redacted]

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8. Lithopone, Zinc White, Technical Zinc Oxide

All in all, the imports provided for in the 1955 Economic Plan covered only about 80% of the requirements. The radical cut in imports now anticipated, particularly in Lithopone and zinc, will be in no position to meet demands for the 1955 season, the shortage of technical zinc oxide makes it impossible to meet requirements for export and for machine construction (Maschinenbau). The rubber and cable industries will also be affected. Production for the Ministry of Heavy Industry will be 1,000,000 DME.

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1. Napthalene

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The 1955 Economic Plan calls for the import of
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According to the protocol, imports will be only
a reduction of
and
a reduction of

10,000 tons crude napthalene
9,000 tons pure napthalene
8,500 tons crude napthalene
1,500 tons
6,040 tons pure napthalene
3,000 tons.

A reduction of napthalene imports by a total of 4,500 tons during 1955 will have
the following effects on production and on the economy:

- a) Carbon black (Oranienburg), Production drop 190 tons - 186 TDM (approx.)
- b) Tetralin (Rodleben) 625 tons - 470 TDM (approx.)
- c) Phthalic acid anhydride, emulsifiers (Buna) 3,490 tons - 5,245 TDM (approx.)
- d) Organic dyestuffs, organic by-products
for dyestuffs, textile adjuvants and
emulsifiers (Wolfen) 1,381 tons - 206 TDM (approx.)
- e) Xylamon (Westeregeln) 605 tons - 302 TDM (approx.)

A drop of 6,409 TDM

Carbon black:

Production of carbon black is at present approximately 240 tons short of actual
requirements. With the production drop noted above, about 190 tons, the total
shortage would be about 430 tons. Predominantly affected by this situation will
be the Ministry's rubber industry, as well as the cable industry and the paper
and printing-ink industry.

Tetralin:

Domestically, the shortage of tetralin will affect the production of pest control

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products suitable for export, and the lacquer production program which includes the production of the export commodity Dekatin. The export of tetralin was set at 725 tons. If the new program is not relaxed substantially, then exports will have to be cut. As it is, the total production of 4,500 tons of tetralin does not cover total requirements for this product.

Phthalic acid anhydride, emulsifiers:

The loss of about 3,490 tons phthalic acid anhydride amounts to about 25% of the total gross production. The cutback could be handled in any one of the following ways:

- a) At the expense of the Buna-Werk's own requirements, by reducing the production of plasticizers (Weichmacher);
- b) At the expense of the Lackkunstharzfabrik Zwickau (synthetic resin for lacquers - nitrocellulose lacquer program);
- c) By cutbacks in the Hydrierwerk Rodleben, affecting production of plasticizers;
- d) By reducing exports of phthalic acid anhydride or certain productions of the Buna-Werk and Rodleben.

Thus, a drop of about 3,490 tons phthalic acid anhydride would have far-reaching effects in the lacquer industry, the plastic industry, and in exports and would ultimately effect a multiplication of the 5,245 TDM loss in production.

Organic dyes, organic by-products for dyes, textile adjuvants, emulsifiers:

The production drop here will affect the domestic supply of dyes and the export market as well.

Xylamon:

Present production of Xylamon does not cover requirements for wood-impregnating agents. A further decrease of about 605 tons will merely aggravate the situation; 605 tons is approximately one quarter's production.

2. Pit coal tar hard pitch (Steinkohlenteerhartpech)

The 1955 Economic Plan calls for the import of 5,000 tons

According to a protocol, of the Ministry of Foreign and Domestic Trade, actual amount available 3,500 tons

Deficit 1,500 tons

The establishments of the Ministry of Heavy Industry will not be directly affected by this reduction. On the economic scene, the production of road-building cement will be endangered, as will the production of roofing paper and structure preservatives (Bautenschutzmittel).

3. Natural rubber

The 1955 Economic Plan provided for the import of 11,500 tons

By the protocol's provisions, imports will be 9,640 tons

a difference of 1,860 tons

The planned exports of synthetic rubber will therefore have to be reduced by 1,860 tons in order to make up the shortage in natural rubber. Otherwise the rubber industry will be unable to operate at full capacity. In addition, motor vehicle tires of the "50" type only can be manufactured (these require only 50% natural rubber) - planned production of the "300" type will have to be dropped. Consequently, the life span of the tires will be considerably shortened. All other products of the rubber industry will have to be altered in composition to reduce the proportion of natural rubber. Production of products which require a considerable quantity of natural rubber - foam rubber, sponge rubber, and Moos rubber - will have to be reduced. While the tire export program can be fulfilled, the cut in imports will decrease the domestic supply of motor vehicle tires. ~~2,860 tons~~

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4. Borax

Imports according to the 1955 Economic Plan would amount to	3,000 tons
Under the protocol, imports will be reduced to	1,845 tons
Shortage	1,155 tons
Actual requirements in 1955	4,350 tons
Total shortage	2,505 tons

Anticipated colemanite imports of 800 tons should reduce this shortage by some 210 tons to about 2,295 tons. Effects of this situation will be felt in the Ministry of Heavy Industry by a decrease in the enamelling work at Eisenhuettenwerk Thale (partially for export), in friction bearing production at the Berliner Metallhuetten- und Halbzeugwerke, in boric acid production at Greiz-Doelau; the Ministry of Machine Construction will be affected in all establishments of the optical and glass industry (Schott and Zeiss); and the pharmaceutical industry will also be affected.

5. Calcined alumina

1955 imports according to the Economic Plan would be	14,000 tons
Under terms of the protocol, imports would amount to	7,500 tons
Deficit	6,500 tons

The total deficit will be in the fourth quarter of 1955. The year's production can be covered by domestic production of calc. alumina and the anticipated import of 7,500 tons. However, at the end of the year an advance of only about 1,300 tons (9 days' production advance) will be available instead of the 6,000 tons anticipated. (This calculation is made on the assumption that the planned expansion of Bitterfeld's capacity will not be completed in 1955.)

6. Sperm Oil

1955 Economic Plan anticipated imports were	4,000 tons
Imports under the protocol will be	2,500 tons
Difference	1,500 tons

About 8,000 tons of high-grade soap powder will be lost through this reduction, bringing production to 14,500 tons, a drop of 40,000,000 DM. Production of textile adjuvants will also be affected. In addition, 900 tons of fatty acid for the soap industry will be lost, causing a drop of 2,200 tons in the output of soap (Norm 40), worth about 7,830,000 D.M. The drop in the area of the Main Administration for General Chemicals will amount in all to about 50,000,000 DM. The 1955 Economic Plan anticipated the import of 1,000 tons in the third quarter and 3,000 tons in the fourth. Under the protocol, the entire 2,500 tons will probably be imported in the fourth quarter. Due to the 1,500 tons shortage and the distribution by quarters, the domestic soap supply will begin developing serious shortages by the end of the second quarter.

7. Linseed Oil, Linseed

The 1955 import planned for crude linseed oil remains at	2,000 tons
and for linseed at	5,000 tons

It is still not certain whether or when these imports will be made. The uncertainty is endangering the oil-base lacquer and paint program. A drop of about 9,000 tons in oil-base lacquers is to be expected - at a cost of about 29,000,000 DM. Compensation for this loss with nitrolak is not possible.

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8. Lithopone, Zinc White, Technical Zinc Oxide

All in all, the imports provided for in the 1955 Economic Plan covered only about 80% of the requirements. The radical cutback in imports now anticipated, particularly in Lithopone and zinc oxide, means that industry will be in no position to meet demands for the lighter colors. In addition, the shortage of technical zinc oxide makes it impossible to cover requirements for export and for machine construction in Nitrofillers (Nitro-Spachteln). The rubber and cable industries will also be affected. Loss of production for the Ministry of Heavy Industry will amount in all to about 83,000,000 DEM.

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